Quantitative and Qualitative Disclosures about Market Risk

Interest income earned on the Company's investment portfolio is affected by changes in the general level of U.S. interest rates. The Company's short-term borrowings effectively bear interest at variable rates and therefore, changes in U.S. interest rates affect interest expense incurred thereon. The Company had reduced this exposure to interest rate changes by entering into an interest rate swap agreement, which expired during 2000, that effectively changed the interest expense incurred on a portion of its short-term borrowings to a fixed rate. Changes in interest rates do not affect interest expense incurred on the Company's long-term borrowings because they all bear interest at fixed rates. The following tables provide information about the Company's financial instruments that are sensitive to changes in interest rates. For the Company's investment portfolio and debt obligations, the tables present principal cash flows and related weighted-average interest rates by expected maturity dates. Additionally, the Company has assumed its available-for-sale debt securities, comprised primarily of corporate debt instruments and treasury securities, are similar enough to aggregate those securities for presentation purposes. For the interest rate swap, the tables present the notional amount and weighted-average interest rates by contractual maturity date. The notional amount is used to calculate the contractual cash flows to be exchanged under the contract.

Interest Rate Sensitivity

Principal Amount by Expected Maturity as of 12/31/99

Dollars in Millions, Average Interest Rate	2000	2001	2002	2003	2004	Thereafter	Total	Fair Value 12/31/99
Available-for-sale debt securities	$ 376.8	$ 721.8	$ 177.7	$ 17.0	$ 5.0	—	$ 1,298.3	$ 1,293.6
Interest rate	6.3%	6.4%	6.5%	6.0%	5.6%	—		
Commercial paper	$ 100.0	—	—	—	—	—	$ 100.0	$ 100.0
Interest rate	6.4%	—	—	—	—	—		
Long-term debt	—	—	—	$ 23.0	—	$ 200.0	$ 223.0	$ 216.6
Interest rate	—	—	—	6.2%	—	7.3%		
Interest rate swap related to commercial paper issuances:								
Pay fixed/receive variable	$ 50.0	—	—	—	—	—	$ 50.0	$ 0.3
Avg. pay rate	5.3%	—	—	—	—	—		
Avg. receive rate	6.0%	—	—	—	—	—		

Principal Amount by Expected Maturity as of 12/31/00

Dollars in Millions, Average Interest Rate	2001	2002	2003	2004	2005	Thereafter	Total	Fair Value 12/31/00
Available-for-sale debt securities	$ 780.4	$ 740.6	$ 232.3	$ 118.5	$ 60.0	—	$ 1,931.8	$ 1,950.2
Interest rate	6.6%	6.7%	7.0%	6.5%	7.0%	—		
Commercial paper	$ 100.0	—	—	—	—	—	$ 100.0	$ 100.0
Interest rate	6.7%	—	—	—	—	—		
Long-term debt	—	—	$ 23.0	—	—	$ 200.0	$ 223.0	$ 222.0
Interest rate	—	—	6.2%	—	—	7.3%		

The Company is exposed to equity price risks on the marketable portion of equity securities included in its portfolio of investments entered into for the promotion of business and strategic objectives. These investments are generally in small capitalization stocks in the biotechnology industry sector. The Company typically does not attempt to reduce or eliminate its market exposure on these securities. An 80% adverse change in equity prices would result in a decrease of approximately $178 million and $72 million in the fair value of the Company's available-for-sale marketable equity securities at December 31, 2000 and 1999, respectively.

Consolidated Statements of Operations

(In millions, except per share data)

Years ended December 31,	2000	1999	1998
Revenues:			
Product sales	$ 3,202.2	$ 3,042.8	$ 2,514.4
Corporate partner revenues	246.2	161.4	127.9
Royalty income	181.0	135.9	75.9
Total revenues	3,629.4	3,340.1	2,718.2
Operating expenses:			
Cost of sales	408.4	402.1	345.2
Research and development	845.0	822.8	663.3
Selling, general and administrative	826.9	654.3	515.4
Loss of affiliates, net	23.9	16.8	28.6
Other items, net	(18.8)	(49.0)	(23.0)
Total operating expenses	2,085.4	1,847.0	1,529.5
Operating income	1,544.0	1,493.1	1,188.7
Other income (expense):			
Interest and other income, net	146.2	88.3	45.7
Interest expense, net	(15.9)	(15.2)	(10.0)
Total other income	130.3	73.1	35.7
Income before income taxes	1,674.3	1,566.2	1,224.4
Provision for income taxes	535.8	469.8	361.2
Net income	$ 1,138.5	$ 1,096.4	$ 863.2
Earnings per share:			
Basic	$ 1.11	$ 1.07	$ 0.85
Diluted	$ 1.05	$ 1.02	$ 0.82
Shares used in calculation of earnings per share:			
Basic	1,029.6	1,021.7	1,020.2
Diluted	1,084.7	1,078.3	1,057.3

See accompanying notes.

Consolidated Balance Sheets

(In millions, except per share data)

December 31,	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 226.5	$ 130.9
Marketable securities	1,801.6	1,202.1
Trade receivables, net of allowance for doubtful accounts of $21.2 in 2000 and $26.0 in 1999	389.2	412.2
Inventories	305.2	184.3
Other current assets	214.6	135.8
Total current assets	2,937.1	2,065.3
Property, plant and equipment at cost, net	1,781.5	1,553.6
Other assets	681.0	458.7
	$ 5,399.6	$ 4,077.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 143.2	$ 83.4
Commercial paper	99.7	99.5
Accrued liabilities	619.2	648.2
Total current liabilities	862.1	831.1
Long-term debt	223.0	223.0
Stockholders' equity:		
Preferred stock; $0.0001 par value; 5.0 shares authorized; none issued or outstanding	—	—
Common stock and additional paid-in capital; $0.0001 par value; 2,750.0 shares authorized; outstanding - 1,037.4 shares in 2000 and 1,017.9 shares in 1999	2,947.3	2,072.3
Retained earnings	1,304.6	966.0
Accumulated other comprehensive income (loss)	62.6	(14.8)
Total stockholders' equity	4,314.5	3,023.5
	$ 5,399.6	$ 4,077.6

See accompanying notes

Consolidated Statements of Stockholders' Equity
(In millions)

Years ended December 31, 2000, 1999 and 1998	Number of shares	Common stock and additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at December 31, 1997	1,033.1	$ 1,218.2	$ 943.2	$ (22.1)	$ 2,139.3
Comprehensive Income:					
Net income	—	—	863.2	—	863.2
Other comprehensive income, net of tax:					
Unrealized gains on securities, net of reclassification adjustments	—	—	—	9.1	9.1
Foreign currency translation adjustments	—	—	—	9.0	9.0
Total other comprehensive income	—	—	—	—	18.1
Comprehensive income	—	—	—	—	881.3
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	42.8	345.5	—	—	345.5
Tax benefits related to employee stock options	—	108.2	—	—	108.2
Repurchases of common stock	(57.4)	—	(912.1)	—	(912.1)
Balance at December 31, 1998	1,018.5	1,671.9	894.3	(4.0)	2,562.2
Comprehensive Income:					
Net income	—	—	1,096.4	—	1,096.4
Other comprehensive loss, net of tax:					
Unrealized gains on securities, net of reclassification adjustments	—	—	—	7.3	7.3
Foreign currency translation adjustments	—	—	—	(18.1)	(18.1)
Total other comprehensive loss	—	—	—	—	(10.8)
Comprehensive Income	—	—	—	—	1,085.6
Issuance of common stock upon the exercise of employee stock options	26.5	248.8	—	—	248.8
Tax benefits related to employee stock options	—	151.6	—	—	151.6
Repurchases of common stock	(27.1)	—	(1,024.7)	—	(1,024.7)
Balance at December 31, 1999	1,017.9	2,072.3	966.0	(14.8)	3,023.5
Comprehensive Income:					
Net income	—	—	1,138.5	—	1,138.5
Other comprehensive income, net of tax:					
Unrealized gains on securities, net of reclassification adjustments	—	—	—	99.0	99.0
Foreign currency translation adjustments	—	—	—	(21.6)	(21.6)
Total other comprehensive income	—	—	—	—	77.4
Comprehensive income	—	—	—	—	1,215.9
Issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	29.1	333.7	—	—	333.7
Tax benefits related to employee stock options	—	376.6	—	—	376.6
Issuance of common stock for the acquisition of Kinetix Pharmaceuticals, Inc.	2.6	164.7	—	—	164.7
Repurchases of common stock	(12.2)	—	(799.9)	—	(799.9)
Balance at December 31, 2000	1,037.4	$ 2,947.3	$ 1,304.6	$ 62.6	$ 4,314.5

See accompanying notes

Consolidated Statements of Cash Flows
(In millions)

Years ended December 31,	2000	1999	1998
Cash flows from operating activities:			
Net income	$ 1,138.5	$ 1,096.4	$ 863.2
Write-off of acquired in-process research and development	30.1	—	—
Depreciation and amortization	211.8	176.8	143.8
Tax benefits related to employee stock options	376.6	151.6	108.2
Gain on equity investments	(31.8)	—	(17.3)
Other non-cash expenses	6.2	9.8	27.5
Loss of affiliates, net	23.9	16.8	28.6
Cash provided by (used in):			
Trade receivables, net	23.0	(92.3)	(50.9)
Inventories	(120.9)	(73.5)	(1.6)
Other current assets	(51.4)	(9.0)	(21.2)
Accounts payable	59.8	(38.2)	17.7
Accrued liabilities	(31.2)	(11.5)	51.7
Net cash provided by operating activities	1,634.6	1,226.9	1,149.7
Cash flows from investing activities:			
Purchases of property, plant and equipment	(437.7)	(304.2)	(407.8)
Proceeds from maturities of marketable securities	—	40.0	20.1
Proceeds from sales of marketable securities	1,067.8	843.5	466.2
Purchases of marketable securities	(1,638.7)	(1,032.7)	(766.3)
Other	(27.7)	(10.1)	14.1
Net cash used in investing activities	(1,036.3)	(463.5)	(673.7)
Cash flows from financing activities:			
Increase (decrease) in commercial paper	0.2	(0.2)	99.7
Net proceeds from issuance of common stock upon the exercise of employee stock options and in connection with an employee stock purchase plan	333.7	248.8	345.5
Repurchases of common stock	(798.9)	(1,024.7)	(912.1)
Other	(36.7)	(57.5)	(47.1)
Net cash used in financing activities	(502.7)	(833.6)	(514.0)
Increase (decrease) in cash and cash equivalents	95.6	(70.2)	(38.0)
Cash and cash equivalents at beginning of period	130.9	201.1	239.1
Cash and cash equivalents at end of period	$ 226.5	$ 130.9	$ 201.1

See accompanying notes.

Note 1
Summary of Significant Accounting Policies

Business

Amgen Inc. ("Amgen" or the "Company") is a global biotechnology company that discovers, develops, manufactures and markets human therapeutics based on advances in cellular and molecular biology.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries as well as affiliated companies in which the Company has a controlling financial interest and exercises control over their operations ("majority controlled affiliates"). All material intercompany transactions and balances have been eliminated in consolidation. Investments in affiliated companies which are 50% or less owned and where the Company exercises significant influence over operations are accounted for using the equity method. All other equity investments are accounted for under the cost method. The caption "Loss of affiliates, net" includes Amgen's equity in the operating results of affiliated companies and the minority interest others hold in the operating results of Amgen's majority controlled affiliates.

Cash and Cash Equivalents

The Company considers cash equivalents to be only those investments which are highly liquid, readily convertible to cash and which mature within three months from date of purchase. Under the Company's cash management system, the bank notifies the Company daily of checks presented for payment against its primary disbursement accounts. The Company transfers funds from short-term investments to cover the checks presented for payment. This system results in a book cash overdraft in the primary disbursement accounts as a result of checks outstanding. The book overdraft, which was reclassified to accounts payable, was $101.2 million and $43.9 million at December 31, 2000 and 1999, respectively.

Available-for-Sale Securities

The Company considers its investment portfolio and marketable equity investments available-for-sale as defined in Statement of Financial Accounting Standards ("SFAS") No. 115 and, accordingly, these investments are recorded at fair value (see Note 9, "Fair Values of Financial Instruments"). Realized gains totaled $32.4 million, $2.8 million and $17.3 million for the years ended December 31, 2000, 1999 and 1998, respectively. Realized losses totaled $2.5 million, $6.6 million and $33.1 million for the years ended December 31, 2000, 1999 and 1998, respectively. The cost of securities sold is based on the specific identification method. The fair value of available-for-sale investments by type of security, contractual maturity and classification in the balance sheets are as follows (in millions):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 2000				
Type of security:				
Corporate debt securities	$ 1,054.7	$ 11.3	$ (1.4)	$ 1,064.6
U.S. Treasury securities and obligations of				
U.S. government agencies	663.6	5.9	—	669.5
Other interest bearing securities	215.8	0.4	(0.1)	216.1
Total debt securities	1,934.1	17.6	(1.5)	1,950.2
Equity securities	73.1	179.2	(7.0)	245.3
	$ 2,007.2	$ 196.8	$ (8.5)	$ 2,195.5
December 31, 1999				
Type of security:				
Corporate debt securities	$ 963.8	$ 0.4	$ (10.8)	$ 953.4
U.S. Treasury securities and obligations of				
U.S. government agencies	209.9	—	(1.6)	208.3
Other interest bearing securities	132.4	—	(0.5)	131.9
Total debt securities	1,306.1	0.4	(12.9)	1,293.6
Equity securities	66.8	46.7	(8.9)	104.6
	$ 1,372.9	$ 47.1	$ (21.8)	$ 1,398.2

December 31,	2000	1999
Contractual maturity:		
Maturing in one year or less	$ 763.6	$ 376.4
Maturing after one year through three years	986.1	896.0
Maturing after three years	180.5	21.2
Total debt securities	1,950.2	1,293.6
Equity securities	245.3	104.6
	$ 2,195.5	$ 1,398.2
Classification in balance sheets:		
Cash and cash equivalents	$ 226.5	$ 130.9
Marketable securities	1,801.6	1,202.1
Other assets–noncurrent	285.3	144.6
	2,313.4	1,477.6
Less cash	(117.9)	(79.4)
	$ 2,195.5	$ 1,398.2

The primary objectives for the Company's investment portfolio are liquidity and safety of principal. Investments are made to achieve the highest rate of return to the Company, consistent with these two objectives. The Company's investment policy limits investments to certain types of instruments issued by institutions with investment grade credit ratings and places restrictions on maturities and concentration by type and issuer.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined in a manner which approximates the first-in, first-out (FIFO) method. Inventories consist of currently marketed products and product candidates which the Company expects to commercialize. The inventory balance of such product candidates totaled $112.7 million and $20.3 million as of December 31, 2000 and 1999, respectively. Inventories are shown net of applicable reserves and allowances. Inventories consisted of the following (in millions):

December 31,	2000	1999
Raw materials	$ 29.4	$ 37.5
Work in process	238.7	96.6
Finished goods	37.1	50.2
	$ 305.2	$ 184.3

Depreciation and Amortization

Depreciation of buildings and equipment is provided over their estimated useful lives on a straight-line basis. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or lease terms, including periods covered by options which are expected to be exercised. Useful lives by asset category are as follows:

Asset Category	Years
Buildings and building improvements	10 – 30
Manufacturing equipment	5 – 10
Laboratory equipment	5 – 10
Furniture and office equipment	3 – 10

Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Product Sales

Product sales primarily consist of sales of EPOGEN® (Epoetin alfa) and NEUPOGEN® (Filgrastim) (see Note 10, "Segment Information").

The Company has the exclusive right to sell Epoetin alfa for dialysis, diagnostics and all non-human uses in the United States. The Company sells Epoetin alfa under the brand name EPOGEN®. Amgen has granted to Ortho Pharmaceutical Corporation (which has assigned its rights under the product license agreement to Ortho Biotech Products, L.P.), a subsidiary of Johnson & Johnson ("Johnson & Johnson"), a license relating to Epoetin alfa for sales in the United States for all human uses except dialysis and diagnostics. Pursuant to this license, Amgen does not recognize product sales it makes into the exclusive market of Johnson & Johnson and does recognize the product sales made by Johnson & Johnson into Amgen's exclusive market. Sales in Amgen's exclusive market and adjustments thereto are derived from Company shipments and from third-party data on shipments to end users and their usage (see Note 4, "Other Items, Net – Legal Award"). Sales of the Company's other products are recognized when shipped and title has passed.

Research and Development Costs

Research and development costs are expensed as incurred, including the cost to acquire in-process research and development (see Note 11, "Business Combination").

Foreign Currency Transactions

The Company has a program to manage foreign currency risk. As part of this program, it has purchased foreign currency option and forward contracts to hedge against possible reductions in values of certain anticipated foreign currency cash flows generally over the next 12 months. At December 31, 2000, the Company had option contracts and forward contracts to exchange foreign currencies for U.S. dollars of $10.0 million and $150.6 million, respectively, all having maturities of eleven months or less. The option contracts, which have only nominal intrinsic value at the time of purchase, are designated as effective hedges of anticipated foreign currency transactions for financial reporting purposes and, accordingly, the net gains on such contracts are deferred and recognized in the same period as the hedged transactions. The forward contracts do not qualify as hedges for financial reporting purposes and, accordingly, are marked-to-market. Net gains realized on option contracts and changes in market values of forward contracts are reflected in "Interest and other income, net" in the accompanying consolidated statements of operations. The deferred premiums on option contracts and fair values of forward contracts are included in "Other current assets" in the accompanying consolidated balance sheets.

The Company has additional foreign currency forward contracts to hedge exposures to foreign currency fluctuations of certain assets and liabilities denominated in foreign currencies. At December 31, 2000, the Company had forward contracts to exchange foreign currencies for U.S. dollars of $37.8 million, all having maturities of less than one month. These contracts are designated as effective hedges and, accordingly, gains and losses on these forward contracts are recognized in the same period the offsetting gains and losses of hedged assets and liabilities are realized and recognized. The fair values of the forward contracts are included in the corresponding captions of the hedged assets and liabilities. Gains and losses on forward contracts and the related hedged assets and liabilities are included in "Interest and other income, net" in the accompanying consolidated statements of operations.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133 establishes accounting and reporting standards requiring that all derivatives be recorded in the balance sheet as either an asset or liability measured at fair value and that changes in fair value be recognized currently in earnings, unless specific hedge accounting criteria are met. Certain provisions of SFAS No. 133, including its required implementation date, were subsequently amended. The Company will adopt SFAS No. 133, as amended, in the first quarter of 2001 and its adoption will not have a material effect on the Company's results of operations or financial position.

In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" ("SAB 101"). SAB 101 provides guidance on applying generally accepted accounting principles to revenue recognition issues in financial statements. The Company adopted SAB 101 in the fourth quarter of 2000 and its adoption has not had a material effect on the Company's results of operations or financial position.

In July 2000, the Emerging Issues Task Force ("EITF") issued EITF 00-15, "Classification in the Statement of Cash Flows of the Income Tax Benefit Realized by a Company upon Employee Exercise of a Nonqualified Stock Option", which requires companies to classify the income tax benefits related to employee exercises of nonqualified stock options as an operating activity in the statement of cash flows for both current and prior periods. Prior to the adoption of EITF 00-15 in the third quarter of 2000, Amgen had classified these amounts in financing activities in the consolidated statements of cash flows. In addition, the Company has included the income tax benefits related to disqualifying dispositions of incentive stock options within this reclassification.

Interest

Interest costs are expensed as incurred, except to the extent such interest is related to construction in progress, in which case interest is capitalized. Interest costs capitalized for the years ended December 31, 2000, 1999 and 1998, were $12.3 million, $11.6 million and $19.2 million, respectively.

Employee Stock Option and Stock Purchase Plans

The Company's employee stock option and stock purchase plans are accounted for under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"). See Note 7, "Employee Stock Option, Stock Purchase and Defined Contribution Plans".

Earnings Per Share

Basic earnings per share is based upon the weighted-average number of common shares outstanding. Diluted earnings per share is based upon the weighted-average number of common shares and dilutive potential common shares outstanding. Potential common shares are outstanding options under the Company's employee stock option plans, restricted stock and potential issuances of stock under the employee stock purchase plan which are included under the treasury stock method.

The following table sets forth the computation for basic and diluted earnings per share (in millions, except per share information):

Years ended December 31,	2000	1999	1998
Numerator for basic and diluted earnings per share – net income	$ 1,138.5	$ 1,096.4	$ 863.2
Denominator:			
Denominator for basic earnings per share – weighted-average shares	1,029.6	1,021.7	1,020.2
Effect of dilutive securities – employee stock options, restricted stock and potential stock issuances under the employee stock purchase plan	55.1	56.6	37.1
Denominator for diluted earnings per share – adjusted weighted-average shares	1,084.7	1,078.3	1,057.3
Basic earnings per share	$ 1.11	$ 1.07	$ 0.85
Diluted earnings per share	$ 1.05	$ 1.02	$ 0.82

Options to purchase 10.6 million, 1.6 million and 3.0 million shares with exercise prices greater than the average market prices of common stock were outstanding at December 31, 2000, 1999 and 1998, respectively. These options were excluded from the respective computations of diluted earnings per share because their effect would be anti-dilutive.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassification

Certain prior year amounts have been reclassified to conform to the current year presentation.

Note 2

Related Party Transactions

The Company owns a 50% interest in Kirin-Amgen, Inc. ("Kirin-Amgen"), a corporation formed in 1984 for the development and commercialization of certain products based on advanced biotechnology. Pursuant to the terms of agreements entered into with Kirin-Amgen, the Company conducts certain research and development activities on behalf of Kirin-Amgen and is paid for such services at negotiated rates. During the years ended December 31, 2000, 1999 and 1998, Amgen earned revenues from Kirin-Amgen of $221.0 million, $138.5 million and $121.0 million, respectively, under such agreements, which are included in "Corporate partner revenues" in the accompanying consolidated statements of operations.

In connection with its various agreements with Kirin-Amgen, the Company has been granted sole and exclusive licenses for the manufacture and sale of certain products in specified geographic areas of the world. In return for such licenses, the Company pays Kirin-Amgen royalties based on sales. During the years ended December 31, 2000, 1999 and 1998, Kirin-Amgen earned royalties from Amgen of $140.8 million, $128.1 million and $105.0 million, respectively, under such agreements, which are included in "Cost of sales" in the accompanying consolidated statements of operations.

At December 31, 2000, Amgen's share of Kirin-Amgen's undistributed retained earnings was approximately $75.9 million.

Note 3

Debt

The Company has a commercial paper program which provides for unsecured short-term borrowings up to an aggregate of $200 million. As of December 31, 2000, commercial paper with a face amount of $100 million was outstanding. These borrowings had maturities of less than two months and had effective interest rates averaging 6.7%. Commercial paper with a face amount of $100 million and with effective interest rates averaging 6.0% was outstanding at December 31, 1999.

The Company has established a $500 million debt shelf registration statement. In December 1997, pursuant to this registration statement, the Company issued $100 million of debt securities that bear interest at a fixed rate of 6.5% and mature in 2007 (the "Notes") and established a $400 million medium-term note program. The Company may offer and issue medium-term notes from time to time with terms to be determined by market conditions.

The Company had $100 million of debt securities outstanding at December 31, 2000 and 1999 that bear interest at a fixed rate of 8.1% and mature in 2097 (the "Century Notes"). These securities may be redeemed in whole or in part at the Company's option at any time for a redemption price equal to the greater of the principal amount to be redeemed or the sum of the present values of the principal and remaining interest payments discounted at a determined rate plus, in each case, accrued interest.

In addition to the Notes and the Century Notes, debt securities outstanding at December 31, 2000 and 1999 include $23 million of debt securities that bear interest at a fixed rate of 6.2% and mature in 2003. The terms of the debt securities require the Company to meet certain debt to tangible net asset ratios and places limitations on liens and sale/leaseback transactions and, except with respect to the Notes and the Century Notes, places limitations on subsidiary indebtedness.

The Company has an unsecured credit facility (the "credit facility") that includes a commitment expiring on May 28, 2003 for up to $150 million of borrowings under a revolving line of credit (the "revolving line commitment"). This credit facility supports the Company's commercial paper program. As of December 31, 2000, $150 million was available under the revolving line commitment for borrowing. Borrowings under the revolving line commitment bear interest at various rates which are a function of, at the Company's option, either the prime rate of a major bank, the federal funds rate or a Eurodollar base rate. Under the terms of the credit facility, the Company is required to meet a minimum interest coverage ratio and maintain a minimum level of tangible net worth. In addition, the credit facility contains limitations on investments, liens and sale/leaseback transactions.

The aggregate stated maturities of all long-term obligations due subsequent to December 31, 2000, are as follows: none in 2001 and 2002; $23 million in 2003; none in 2004 and 2005; and $200 million after 2005.

Note 4
Other Items, Net

Other items, net in the accompanying consolidated statements of operations consists of the following (income) and expense items (in millions):

Years ended December 31,	2000	1999	1998
Legal award, net	$(73.9)	$(49.0)	$(23.0)
Write-off of acquired in-process research and development (see Note 11)	30.1	—	—
Amgen Foundation contribution	25.0	—	—
Other items, net	$(18.8)	$(49.0)	$(23.0)

Legal Award

In September 1985, the Company granted Johnson & Johnson's affiliate, Ortho Pharmaceutical Corporation, a license relating to certain patented technology and know-how of the Company to sell a genetically engineered form of recombinant human erythropoietin, called Epoetin alfa, throughout the United States for all human uses except dialysis and diagnostics. A number of disputes have arisen between Amgen and Johnson & Johnson as to their respective rights and obligations under the various agreements between them, including the agreement granting the license (the "License Agreement").

A dispute between Amgen and Johnson & Johnson that had been the subject of an arbitration proceeding related to the audit methodology currently employed by the Company to account for Epoetin alfa sales. Under the License Agreement, the Company and Johnson & Johnson are required to compensate each other for Epoetin alfa sales that either party makes into the other party's exclusive market, sometimes described as "spillover" sales. The Company has established and is employing an audit methodology to measure each party's spillover sales and to allocate the net profits from those sales to the appropriate party. The arbitrator in this dispute (the "Arbitrator") issued a final order adopting the Company's audit methodology with certain adjustments and also found that the Company was the successful party in the arbitration. Pursuant to the final order in the arbitration, an independent panel was formed principally (i) to address ongoing challenges to the survey results for the years 1995 through 1999 and (ii) to refine the procedures for measuring the erythropoietin market as may be necessary. As a result of decisions made by this independent panel regarding certain challenges by Johnson & Johnson as well as

other reduced uncertainties, the Company reduced amounts previously provided for potential spillover liabilities by $49 million in the third quarter of 1999 and $23 million in the fourth quarter of 1998.

Because the Arbitrator ruled that the Company was the successful party in the arbitration, Johnson & Johnson was ordered to pay to the Company all costs and expenses, including reasonable attorneys' fees, that the Company incurred in the arbitration as well as one-half of the audit costs. On July 17, 2000, the Arbitrator issued a final order awarding the Company approximately $78 million in costs and expenses, including reasonable attorneys' fees, that the Company incurred in the arbitration as well as one-half of the audit costs (the "Fee Award"). As a result, the Company recorded a net $73.9 million legal award, which represents the Fee Award reduced by minor amounts related to other miscellaneous disputes with Johnson & Johnson, in the third quarter of 2000.

Amgen Foundation Contribution

During the fourth quarter of 2000, the Company contributed $25.0 million to the Amgen Foundation. This contribution will allow the Amgen Foundation to increase its support of non-profit organizations that focus on issues in health and medicine, science education and other activities that strengthen local communities over the next several years.

Note 5
Income Taxes

The provision for income taxes includes the following (in millions):

Years ended December 31,	2000	1999	1998
Current provision:			
Federal (including U.S. possessions)	$ 481.7	$ 422.8	$ 339.6
State	47.5	37.2	27.2
Total current provision	529.2	460.0	366.8
Deferred provision (benefit):			
Federal (including U.S. possessions)	9.6	5.3	(4.7)
State	(3.0)	4.5	(0.9)
Total deferred provision (benefit)	6.6	9.8	(5.6)
	$ 535.8	$ 469.8	$ 361.2

Deferred income taxes reflect the net tax effects of net operating loss and credit carryforwards and temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in millions):

December 31,	2000	1999
Deferred tax assets:		
Acquired net operating loss and credit carryforwards	$ 66.0	$ 64.3
Expenses capitalized for tax purposes	58.9	27.9
Fixed assets	46.0	22.9
Expense accruals	32.9	84.0
Other	20.0	27.4
Total deferred tax assets	223.8	226.5
Valuation allowance	(25.4)	(46.0)
Net deferred tax assets	198.4	180.5
Deferred tax liabilities:		
Purchase of technology rights	(95.9)	(78.1)
Marketable securities and investments	(62.6)	(10.0)
Other	(39.3)	(13.9)
Total deferred tax liabilities	(197.8)	(102.0)
	$ 0.6	$ 78.5

At December 31, 2000, the Company had operating loss carryforwards available to reduce future federal taxable income of which $29.3 million expire in 2008, $84.0 million expire in 2009 and $16.8 million expire thereafter. These operating loss carryforwards relate to the acquisition of companies. Utilization of these operating loss carryforwards is limited to approximately $26 million in 2001, $23 million in 2002 and $16 million per year thereafter.

The provision for income taxes varies from income taxes provided based on the federal statutory rate as follows:

Years ended December 31,	2000	1999	1998
Statutory rate applied to income before income taxes	35.0%	35.0%	35.0%
Benefit of Puerto Rico operations, net of Puerto Rico income taxes	(2.0)%	(2.3)%	(3.2)%
Utilization of tax credits, primarily research and experimentation	(1.4)%	(2.1)%	(2.4)%
Other, net	0.4%	(0.6)%	0.1%
	32.0%	30.0%	29.5%

Income taxes paid during the years ended December 31, 2000, 1999 and 1998, totaled $141.3 million, $318.7 million and $251.3 million, respectively.

Note 6
Stockholders' Equity

Stockholder Rights Agreement

On February 18, 1997, the Board of Directors of the Company redeemed the rights under the Company's former common stock rights plan and declared a dividend of one preferred share purchase right (a "Right") for each then outstanding share of common stock of the Company and authorized the distribution of one Right with respect to each subsequently issued share of common stock. The Rights were distributed to stockholders of record on March 21, 1997. On December 12, 2000, the Board of Directors of the Company amended and restated the preferred stock rights plan governing the Rights (the "Amended and Restated Rights Plan") to, among other things: (i) provide that, as a result of two-for-one splits of the Company's common stock effected in February and November 1999 (the "Stock Splits"), each Right shall represent the right to purchase one four-thousandth of a share of Series A Junior Participating Preferred Stock ("Series A Preferred Stock") of the Company (which one four-thousandth gives effect to the Stock Splits); (ii) increase the exercise price of each Right to $350.00 from $56.25 (as adjusted for the Stock Splits); (iii) extend the term of the rights agreement to December 12, 2010 from March 21, 2007 and (iv) amend the definition of "Outside Director".

Pursuant to the Amended and Restated Rights Plan, each share of common stock outstanding has attached to it one whole Right. One Right represents the right to purchase one four-thousandth (1/4000) of a share of Series A Preferred Stock of the Company at $350.00. The Rights will expire on December 12, 2010.

Under certain circumstances, if an acquiring person or group acquires 10% or more of the Company's outstanding common stock, an exercisable Right will entitle its holder (other than the acquirer) to buy shares of common stock of the Company having a market value of two times the exercise price of one Right. However, in limited circumstances approved by the outside directors of the Board of Directors, a stockholder who enters into an acceptable standstill agreement may acquire up to 20% of the outstanding shares without triggering the Rights. If an acquirer acquires at least 10%, but less than 50%, of the Company's common stock, the Board of Directors may exchange each Right (other than those of the acquirer) for one share of common stock per Right. In addition, under certain circumstances, if the Company is involved in a merger or other business combination where it is not the surviving corporation, an exercisable Right will entitle its holder to buy shares of common stock of the acquiring company having a market value of two times the exercise price of one Right. The Company may redeem the Rights at $0.00025 per Right at any time prior to the public announcement that a 10% position has been acquired.

Stock Repurchase Program

The Company has a stock repurchase program primarily to reduce the dilutive effect of its employee stock option and stock purchase plans. Stock repurchased under the program is intended to be retired. The amount the Company spends on and the number of shares repurchased varies based on a variety of factors, including the stock price and blackout periods in which the Company is restricted from repurchasing shares. In December 2000, the Board of Directors authorized the Company to repurchase up to $2 billion of common stock between January 1, 2001 and December 31, 2002.

Other Comprehensive Income/(Loss)

SFAS No. 130, "Reporting Comprehensive Income", requires unrealized gains and losses on the Company's available-for-sale securities and foreign currency translation adjustments to be included in other comprehensive income/(loss).

Information regarding the components of accumulated other comprehensive income/(loss) are as follows (in millions):

	Unrealized Gains on Securities	Foreign Currency Translation	Accumulated Other Comprehensive Income/(Loss)
Balance at December 31, 1999	$ 15.3	$ (30.1)	$ (14.8)
Current year other comprehensive income/(loss)	99.0	(21.6)	77.4
Balance at December 31, 2000	$ 114.3	$ (51.7)	$ 62.6

Information regarding the income tax effects for items of other comprehensive income/(loss) are as follows (in millions):

	Before-Tax Amount	Tax Benefit/ (Expense)	After-Tax Amount
For the year ended December 31, 1998:			
Unrealized losses on available-for-sale securities	$ (1.8)	$ 0.7	$ (1.1)
Less: Reclassification adjustments for losses realized in net income	(15.8)	5.6	(10.2)
Net unrealized gains on available-for-sale securities	14.0	(4.9)	9.1
Foreign currency translation adjustments	9.0	—	9.0
Other comprehensive income	$ 23.0	$ (4.9)	$ 18.1
For the year ended December 31, 1999:			
Unrealized gains on available-for-sale securities	$ 12.0	$ (5.3)	$ 6.7
Less: Reclassification adjustments for losses realized in net income	(1.0)	0.4	(0.6)
Net unrealized gains on available-for-sale securities	13.0	(5.7)	7.3
Foreign currency translation adjustments	(18.1)	—	(18.1)
Other comprehensive loss	$ (5.1)	$ (5.7)	$(10.8)

	Before-Tax Amount	Tax Benefit/ (Expense)	After-Tax Amount
For the year ended December 31, 2000:			
Unrealized gains on available-for-sale securities	$ 193.0	$ (75.8)	$ 117.2
Less: Reclassification adjustments for gains realized in net income	30.0	(11.8)	18.2
Net unrealized gains on available-for-sale securities	163.0	(64.0)	99.0
Foreign currency translation adjustments	(21.6)	—	(21.6)
Other comprehensive income	$ 141.4	$ (64.0)	$ 77.4

Other

In addition to common stock, the Company's authorized capital includes 5.0 million shares of preferred stock, $0.0001 par value, of which 0.7 million shares have been designated Series A Preferred Stock. At December 31, 2000 and 1999, no shares of preferred stock were issued or outstanding.

At December 31, 2000, the Company had reserved 183.1 million shares of its common stock which may be issued through its employee stock option and stock purchase plans and had reserved 0.7 million shares of Series A Preferred Stock.

Note 7
Employee Stock Option, Stock Purchase and Defined Contribution Plans

Employee Stock Option Plans

The Company's employee stock option plans provide for option grants designated as either nonqualified or incentive stock options. Option grants to employees generally vest over a three to five year period and expire seven years from the date of grant. Most employees are eligible to receive a grant of stock options periodically with the number of shares generally determined by the employee's salary grade, performance level and the stock price. In addition, certain management and professional level employees normally receive a stock option grant upon hire. As of December 31, 2000, the Company had 67.8 million shares of common stock available for future grant under its employee stock option plans.

Stock option information with respect to all of the Company's employee stock option plans follows (shares in millions):

		Exercise Price		
	Shares	Low	High	Weighted-Average
Balance unexercised at December 31, 1997	141.9	$ 0.58	$ 16.97	$ 10.02
Granted	33.5	$ 11.78	$ 26.22	$ 16.53
Exercised	(42.4)	$ 0.58	$ 20.77	$ 8.14
Forfeited	(6.8)	$ 4.48	$ 18.52	$ 13.57
Balance unexercised at December 31, 1998	126.2	$ 0.66	$ 26.22	$ 12.18
Granted	19.0	$ 26.25	$ 57.69	$ 31.48
Exercised	(26.9)	$ 0.66	$ 39.44	$ 9.45
Forfeited	(2.5)	$ 5.48	$ 44.97	$ 17.76
Balance unexercised at December 31, 1999	115.8	$ 0.92	$ 57.69	$ 15.88
Granted	13.1	$ 51.31	$ 78.00	$ 67.40
Exercised	(28.2)	$ 0.92	$ 72.75	$ 11.03
Forfeited	(2.0)	$ 4.48	$ 74.86	$ 26.02
Balance unexercised at December 31, 2000	96.7	$ 2.55	$ 78.00	$ 23.89

At December 31, 2000, 1999 and 1998, employee stock options to purchase 55.5 million, 61.7 million and 66.1 million shares were exercisable at weighted-average prices of $15.35, $11.80 and $9.76, respectively.

Fair Value Disclosures of Employee Stock Options

Employee stock option grants are set at the closing price of the Company's common stock on the date of grant and the related number of shares granted are fixed at that point in time. Therefore, under the principles of APB 25, the Company does not recognize compensation expense associated with the grant of employee stock options. SFAS No. 123, "Accounting for Stock-Based Compensation," requires the use of option valuation models to provide supplemental information regarding options granted after 1994. Pro forma information regarding net income and earnings per share shown below was determined as if the Company had accounted for its employee stock options and shares sold under its employee stock purchase plan under the fair value method of that statement.

The fair value of the options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 2000, 1999 and 1998, respectively: risk-free interest rates of 5.9%, 5.8% and 5.4%; dividend yields of 0%, 0% and 0%; volatility factors of the expected market price of the Company's common stock of 45%, 38% and 34%; and expected life of the options of 3.4 years, 3.4 years and 3.4 years. These assumptions resulted in weighted-average fair values of $25.87, $10.55 and $5.11 per share for employee stock options granted in 2000, 1999 and 1998, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options. The Company's employee stock options have characteristics significantly different from those of traded options such as vesting restrictions and extremely limited transferability. In addition, the assumptions used in option valuation models (see above) are highly subjective, particularly the expected stock price volatility of the underlying stock. Because changes in these subjective input assumptions can materially affect the fair value estimate, in management's opinion, existing valuation models do not provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair values of the options are amortized over the options' vesting periods. The Company's pro forma information is as follows (in millions, except per share information):

Years ended December 31,	2000	1999	1998
Pro forma net income	$ 1,035.4	$ 1,030.0	$ 735.9
Pro forma earnings per share:			
Basic	$ 1.01	$ 1.01	$ 0.72
Diluted	$ 0.95	$ 0.95	$ 0.70

Information regarding employee stock options outstanding as of December 31, 2000 is as follows (shares in millions):

	Options Outstanding			Options Exercisable	
Price Range	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Shares	Weighted-Average Exercise Price
$10.00 and under	11.4	$ 7.83	1.1 years	11.4	$ 7.83
Over $10.00 to $15.00	32.4	$ 13.77	3.4 years	26.7	$ 13.72
Over $15.00 to $30.00	25.2	$ 16.94	4.5 years	12.0	$ 17.22
Over $30.00 to $60.00	18.2	$ 33.59	5.5 years	4.9	$ 32.44
Over $60.00	11.5	$ 68.38	6.5 years	0.5	$ 66.48

Employee Stock Purchase Plan

The Company has an employee stock purchase plan whereby, in accordance with Section 423 of the Internal Revenue Code, eligible employees may authorize payroll deductions of up to 10% of their salary to purchase shares of the Company's common stock at the lower of 85% of the fair market value of common stock on the first or last day of the offering period. During the years ended December 31, 2000 and 1998, employees purchased 1.3 million and 1.0 million shares at weighted-average prices of approximately $30.33 and $11.46 per share, respectively. No shares were purchased under the employee stock purchase plan during 1999 because the Company had a 15 month offering period which extended from January 1, 1999 to March 31, 2000. At December 31, 2000, the Company had 16.2 million shares available for future issuance under this plan.

Defined Contribution Plans

The Company has defined contribution plans covering substantially all employees in the United States and its possessions. Under these plans, the Company makes certain amounts of matching contributions for those employees who elect to contribute to the plans and makes additional contributions based upon the compensation of eligible employees regardless of whether or not the employees contribute to the plans. In addition, the Company has other defined contribution plans covering certain employees of the Company and employees of its foreign affiliates. The Company's expense for its defined contribution plans totaled $42.6 million, $34.3 million and $26.7 million for the years ended December 31, 2000, 1999 and 1998, respectively.

Note 8
Balance Sheet Accounts

Property, plant and equipment consisted of the following (in millions):

December 31,	2000	1999
Land	$ 120.0	$ 110.1
Buildings and building improvements	901.7	841.4
Manufacturing equipment	287.6	251.8
Laboratory equipment	338.1	306.3
Furniture and office equipment	672.6	577.8
Leasehold improvements	53.7	50.8
Construction in progress	345.5	177.0
	2,719.2	2,315.2
Less accumulated depreciation and amortization	(937.7)	(761.6)
	$ 1,781.5	$ 1,553.6

Accrued liabilities consisted of the following (in millions):

December 31,	2000	1999
Employee compensation and benefits	$ 151.9	$ 149.1
Income taxes	116.7	87.5
Sales incentives, royalties and allowances	107.6	135.7
Due to affiliated companies and corporate partners	92.8	160.8
Clinical development costs	50.5	35.4
Other	59.7	79.7
	$ 619.2	$ 648.2

Note 9
Fair Values of Financial Instruments

The carrying amounts of cash, cash equivalents, marketable securities and marketable equity investments approximated their fair values. Fair values of cash equivalents, marketable securities and marketable equity investments are based on quoted market prices.

The carrying amount of commercial paper approximated its fair value as of December 31, 2000 and 1999. The fair values of long-term debt at December 31, 2000 and 1999 totaled approximately $222.0 million and $216.6 million, respectively. The fair values of commercial paper and long-term debt were estimated based on quoted market rates for instruments with similar terms and remaining maturities.

The fair values of the foreign currency forward contracts and purchased foreign currency option contracts were not significant based on the estimated amounts at which the contracts could be settled taking into account current market exchange rates.

Note 10
Segment Information

Enterprise-wide disclosures about revenues by product, revenues and long-lived assets by geographic area and revenues from major customers are presented below.

Revenues

Revenues consisted of the following (in millions):

Years ended December 31,	2000	1999	1998
EPOGEN®	$ 1,962.9	$ 1,759.1	$ 1,382.0
NEUPOGEN®	1,223.7	1,256.6	1,116.6
Other product sales	15.6	27.1	15.8
Total product sales	3,202.2	3,042.8	2,514.4
Other revenues	427.2	297.3	203.8
Total revenues	$ 3,629.4	$ 3,340.1	$ 2,718.2

Geographic Information

The Company sells NEUPOGEN® through its foreign affiliates in countries of the European Union, Canada and Australia. Information regarding revenues and long-lived assets (consisting of property, plant and equipment) attributable to the United States and to all foreign countries collectively is stated below. The geographic classification of product sales was based upon the location of the customer. The geographic classification of all other revenues was based upon the domicile of the entity from which the revenues were earned. Information is as follows (in millions):

Years ended December 31,	2000	1999	1998
Revenues:			
United States and possessions	$ 3,343.0	$ 3,024.5	$ 2,441.6
Foreign countries	286.4	315.6	276.6
Total revenues	$ 3,629.4	$ 3,340.1	$ 2,718.2

December 31,	2000	1999	1998
Long-lived assets:			
United States and possessions	$ 1,706.5	$ 1,475.7	$ 1,360.8
Foreign countries	75.0	77.9	89.4
Total long-lived assets	$ 1,781.5	$ 1,553.6	$ 1,450.2

Major Customers

Amgen uses wholesale distributors of pharmaceutical products as the principal means of distributing the Company's products to clinics, hospitals and pharmacies. The Company monitors the financial condition of its larger distributors and limits its credit exposure by setting appropriate credit limits and requiring collateral from certain customers. Sales to two large wholesalers accounted for more than 10% of the total revenues for the years ended December 31, 2000, 1999 and 1998. Sales to one wholesaler were $1,233.4 million, $1,078.0 million and $856.2 million for the years ended December 31, 2000, 1999 and 1998, respectively. Sales to another wholesaler were $445.2 million, $438.2 million and $366.5 million for the years ended December 31, 2000, 1999 and 1998, respectively. At December 31, 2000 and 1999, amounts due from four large wholesalers accounted for 51% and 59%, respectively, of gross trade receivables.

Note 11
Business Combination

On December 14, 2000, Amgen acquired Kinetix Pharmaceuticals, Inc. ("Kinetix"), a privately held company with expertise in the discovery of small molecules in the field of protein kinase inhibition. Amgen acquired all the outstanding shares of Kinetix common stock in a tax-free exchange for 2.6 million shares of Amgen common stock. The acquisition has been accounted for under the purchase method of accounting, and accordingly, the operating results of Kinetix are included in the accompanying consolidated financial statements starting from December 14, 2000. The acquisition was valued at $172.2 million, including $1.0 million of related acquisition costs and $6.5 million of Amgen restricted common stock issued in exchange for Kinetix restricted common stock held by employees retained from Kinetix. The $6.5 million will be recognized as compensation expense over the vesting period of the restricted common stock. The preliminary assignment of the purchase price among identifiable tangible and intangible assets and liabilities of Kinetix was based upon an analysis of their fair values. The excess of the purchase price over the fair values of assets and liabilities acquired of $103.3 million was allocated to goodwill and will be amortized on a straight-line basis over a 15 year period.

The assets acquired included in-process research and development. The value assigned to this asset was determined by an analysis of data concerning four substantive in-process research projects. The values of these research projects were determined based on analyses of cash flows to be generated by the products that are expected to result from the in-process projects. These cash flows were estimated by forecasting total revenues expected from these products and then deducting appropriate operating

expenses, cash flow adjustments and contributory asset returns to establish a forecast of net returns on the in-process technology. These net returns were substantially reduced to take into account the time value of money and the risks associated with the inherent difficulties and uncertainties in developing specific molecules into viable human therapeutics given the stage of development of these projects at the date of the acquisition. Finally, these net returns were multiplied by the estimated percentage completed of each project, based upon analysis of three factors—time, cost and complexity. The above analysis resulted in $30.1 million of value assigned to acquired in-process research and development, which was expensed on the acquisition date in accordance with generally accepted accounting principles. A discounted, risk-adjusted cash flow analysis was also performed to value the technology platform of Kinetix that is expected to generate future molecules that may be developed into human therapeutics. This analysis resulted in valuing the acquired base technology at $36.6 million, which was capitalized and will be amortized on a straight-line basis over a 15 year period. Amgen management believes the assumptions used in valuing these acquired technologies are reasonable, but are inherently uncertain, and no assurance can be given that the assumptions made will occur.

This business combination would not have had a material impact on Amgen's revenues, net income or earnings per share in either 2000 or 1999.

Note 12
Quarterly Financial Data (unaudited)

(In millions, except per share data):

2000 Quarter Ended	Dec. 31[1]	Sept. 30[2]	June 30	Mar. 31[3]
Product sales	$ 846.8	$ 851.0	$ 806.8	$ 697.6
Gross margin from product sales	735.3	741.5	705.1	611.9
Net income	210.8	358.9	302.6	266.2
Earnings per share:				
Basic	0.20	0.35	0.29	0.26
Diluted	0.19	0.33	0.28	0.25

1999 Quarter Ended	Dec. 31[4]	Sept. 30[5]	June 30	Mar. 31
Product sales	$ 847.4	$ 769.2	$ 737.9	$ 688.3
Gross margin from product sales	735.4	670.3	639.1	595.9
Net income	281.6	300.0	267.6	247.2
Earnings per share:				
Basic	0.28	0.29	0.26	0.24
Diluted	0.26	0.28	0.25	0.23

[1] During the fourth quarter of 2000, the Company recorded an after-tax charge of $30.1 million to write off acquired in-process research and development related to the acquisition of Kinetix Pharmaceuticals, Inc. (see Note 11, "Business Combination"). In addition, the Company made a contribution of $25 million to the Amgen Foundation (see Note 4, "Other Items, Net - Amgen Foundation Contribution"). After applicable tax effects, these amounts combined with the legal award discussed in Item 2 below had no impact on net income for the year ended December 31, 2000.

[2] During the third quarter of 2000, the Company recorded a net legal award of $73.9 million, which primarily represents an award for certain costs and expenses, including attorney's fees, associated with the spillover arbitration with Johnson & Johnson (see Note 4, "Other Items, Net - Legal Award").

[3] During the first quarter of 2000, sales were adversely impacted by Year 2000-related sales totaling $45 million (see Item 4 below). In addition, the Company believes sales were adversely impacted by additional 1999 year-end stockpiling of EPOGEN® by dialysis providers and by wholesalers reducing their inventories of NEUPOGEN®.

[4] Due to Year 2000 contingency planning in the fourth quarter of 1999, the Company offered extended payment terms on limited shipments of EPOGEN® and NEUPOGEN® to certain wholesalers totaling $45 million. Sales in the first quarter of 2000 were adversely impacted by these Year 2000-related sales (see Item 3 above).

[5] During the third quarter of 1999, due to reduced uncertainties, the Company reduced its potential spillover liabilities to Johnson & Johnson by $49 million (see Note 4, "Other Items, Net - Legal Award").

Report of Ernst & Young LLP, Independent Auditors

The Board of Directors and Stockholders of Amgen Inc.

We have audited the accompanying consolidated balance sheets of Amgen Inc. as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Amgen Inc. as of December 31, 2000 and 1999, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in accordance with accounting principles generally accepted in the United States.

Ernst + Young LLP

Los Angeles, California
January 23, 2001

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Franklin P. Johnson, Jr.
General Partner
Asset Management Partners

Steven Lazarus
Managing General Partner
ARCH Venture Partners, L.P.

Gilbert S. Omenn
Executive Vice President for Medical Affairs
University of Michigan;
Chief Executive Officer
University of Michigan Health System; and
Professor of Internal Medicine,
Human Genetics, and Public Health

Judith C. Pelham
President and Chief Executive Officer
Trinity Health

J. Paul Reason
President and Chief Operating Officer
Metro Machine Corporation

Donald B. Rice
President and Chief Executive Officer
UroGenesys, Inc.

Kevin W. Sharer
Chairman of the Board
Chief Executive Officer and President
Amgen Inc.

Executive Officers

Stan M. Benson
Senior Vice President
Sales and Marketing

Fabrizio Bonanni
Senior Vice President
Quality and Compliance

Kathryn E. Falberg
Senior Vice President
Finance
and Chief Financial Officer

Dennis M. Fenton
Executive Vice President

George J. Morrow
Executive Vice President
Worldwide Sales and Marketing

George Morstyn
Senior Vice President
Development
and Chief Medical Officer

Steven M. Odre
Senior Vice President
General Counsel and Secretary

Roger M. Perlmutter
Executive Vice President
Research and Development

Kevin W. Sharer
Chairman of the Board
Chief Executive Officer and President

Corporate Information

Corporate Office
One Amgen Center Drive
Thousand Oaks, California 91320-1799
(805) 447-1000

SEC Form 10-K
A copy of the Company's Annual Report on Form 10-K for the year ended December 31, 2000, filed with the Securities and Exchange Commission, is available without charge upon written request to Corporate Secretary, Amgen Inc., One Amgen Center Drive, Thousand Oaks, California 91320-1799; by calling (800) 84-AMGEN; or by accessing the Company's web site at www.Amgen.com.

Transfer Agent and Registrar
American Stock Transfer & Trust Company
59 Malden Lane
New York, New York 10038

Stockholder Inquiries
Inquiries related to stock transfers or lost certificates should be directed to American Stock Transfer & Trust Company, (800) 937-5449 or (212) 936-5100. General information regarding the Company can be obtained by contacting Amgen's investor relations department, (805) 447-3352. Recent news releases and other information can also be obtained by contacting Amgen's automated stockholder information line at (800) 84-AMGEN or by accessing the Company's web site at www.Amgen.com.

Independent Auditors
Ernst & Young LLP, Los Angeles, California

Annual Meeting
The Annual Meeting will be held on Thursday, May 17, 2001, at 10:30 a.m. at the Beverly Hilton Hotel, 9876 Wilshire Boulevard, Los Angeles, California 90210.

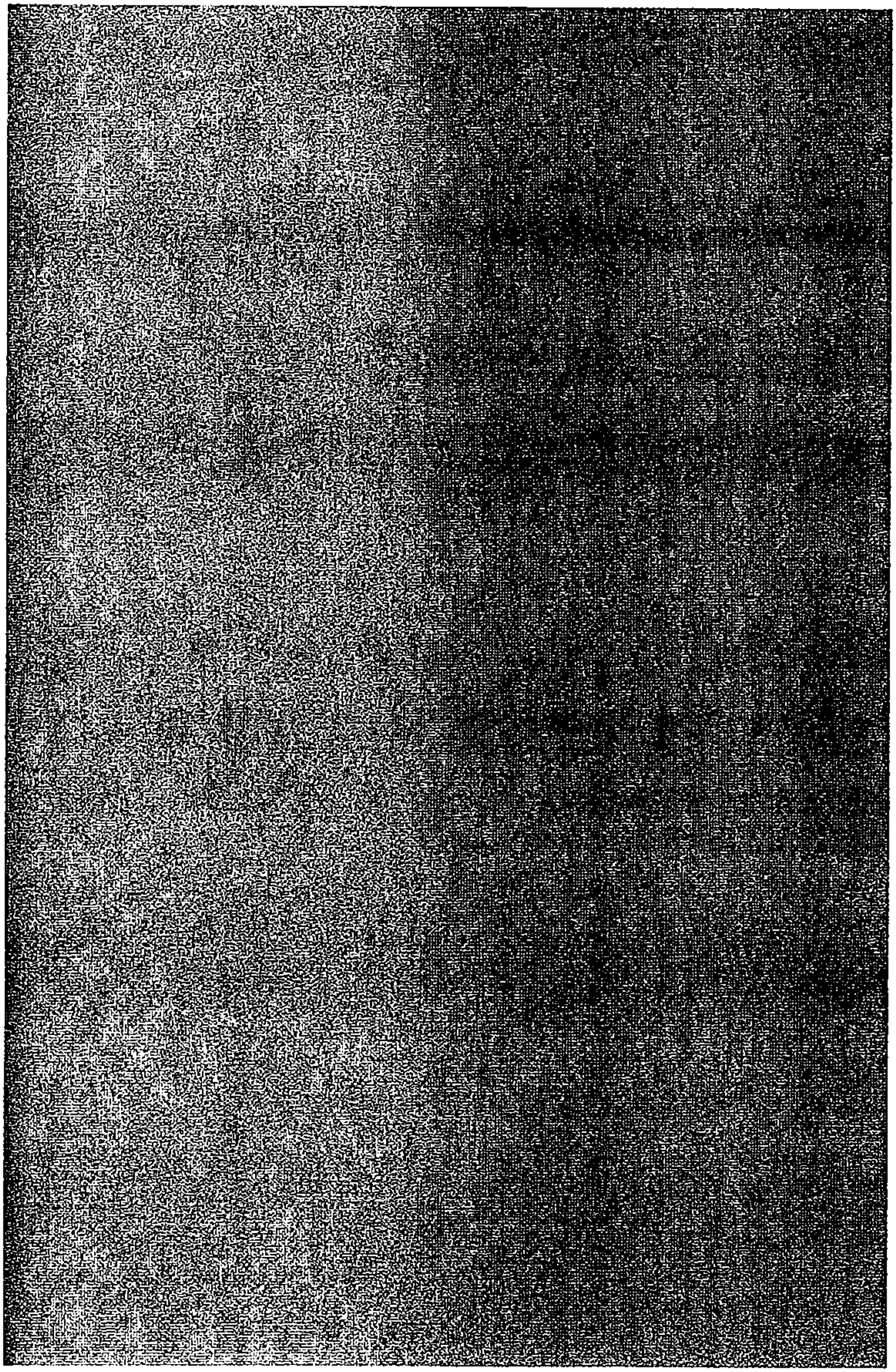
Price Range of Common Stock
The Company's Common Stock trades on The Nasdaq Stock Market under the symbol AMGN. As of February 28, 2001, there were approximately 17,000 holders of record of the Company's Common Stock. No cash dividends have been paid on the Common Stock to date, and the Company currently intends to retain any earnings for development of the Company's business and repurchases of its Common Stock.

The following table sets forth, for the fiscal periods indicated, the range of high and low closing sales prices of the Common Stock as quoted on The Nasdaq Stock Market for the fiscal years 2000 and 1999:

	2000		1999	
	High	Low	High	Low
4th Quarter	$ 71.38	$ 54.13	$ 64.88	$ 37.84
3rd Quarter	78.00	64.94	43.78	29.50
2nd Quarter	70.38	51.31	40.00	26.16
1st Quarter	74.69	52.25	39.53	26.14

Trademarks Listed in This Report
Amgen, ARANESP™, EPOGEN®, INFERGEN®, NEUPOGEN®, and STEMGEN® are trademarks of Amgen Inc.

Hotlines
Amgen Customer Service Hotline (800) 28-AMGEN
Amgen Investor Materials Hotline (800) 84-AMGEN
Amgen Job Hotline (800) 446-4007
Amgen Professional Services Hotline (800) 77-AMGEN
Amgen Reimbursement Hotline (800) 272-9376
Amgen Safety Hotline (800) 835-2879



Design: Howry Design Associates, SF/CA Photography: Cairinne Lechner Executive Portrait: Jamey Stillings

AMGEN

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Thousand Oaks, CA
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